

Senate File 2305 - Introduced

SENATE FILE 2305
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3165)

A BILL FOR

1 An Act relating to workers' compensation and insurance fraud
2 and other prohibited health service provider practices,
3 providing appropriations and penalties, and including
4 effective date and applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 507F.1 Definitions.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. *"Business entity"* means a corporation, association,
5 partnership, limited liability company, limited liability
6 partnership, or other legal entity.

7 2. *a. "Insurer"* means a person entering into arrangements
8 or contracts of insurance or reinsurance agreeing to perform
9 any of the following acts:

10 (1) Pay or indemnify another as to loss from certain
11 contingencies called risks, including through reinsurance.

12 (2) Pay or grant a specified amount or determinable benefit
13 to another in connection with ascertainable risk contingencies.

14 (3) Pay an annuity to another.

15 (4) Act as surety.

16 *b. "Insurer"* includes but is not limited to an insurance
17 company, a self-insured business, or a group or self-insured
18 plan as described in section 87.4.

19 3. *"Statement"* includes but is not limited to any notice,
20 statement, proof of loss, receipt for payment, invoice,
21 account, bill for services, diagnosis, prescription, hospital
22 or physician record, X ray, test result, or other evidence of
23 loss, injury, or expense.

24 Sec. 2. NEW SECTION. 507F.2 Purpose.

25 A workers' compensation fraud unit is created within the
26 insurance fraud bureau within the insurance division. Upon a
27 reasonable determination by the workers' compensation fraud
28 unit, by its own inquiries or as a result of complaints filed
29 with the insurance fraud bureau or the workers' compensation
30 fraud unit, that a person has engaged in, is engaging in,
31 or may be engaging in an act or practice that violates this
32 chapter, the workers' compensation fraud unit may administer
33 oaths and affirmations, issue and serve subpoenas ordering the
34 attendance of witnesses, collect evidence related to such act
35 or practice, commence a suit, and prosecute a violation of this

1 chapter.

2 Sec. 3. NEW SECTION. 507F.3 Workers' compensation attorney
3 fraud — penalty.

4 1. An attorney or an attorney's agent who acts unilaterally
5 without an attorney's knowledge commits workers' compensation
6 attorney fraud if the person, for the purpose of obtaining any
7 benefit under chapter 85, 85A, 85B, 86, or 87 for oneself or on
8 behalf of another person, knowingly does any of the following:

9 a. Presents or causes to be presented to an insurer any
10 oral or written statement, knowing the statement contains false
11 information concerning a material fact.

12 b. Employs any deception device, scheme, or artifice to
13 defraud.

14 c. Misrepresents, conceals, or suppresses any material fact
15 to defraud.

16 d. Makes a false entry in, fabricates, alters, conceals, or
17 destroys a document to defraud.

18 e. Assists, abets, solicits, or conspires with another in
19 committing a violation of this chapter.

20 2. An attorney or an attorney's agent who commits workers'
21 compensation attorney fraud is, upon conviction, guilty
22 of a class "D" felony. An attorney convicted of workers'
23 compensation attorney fraud shall forfeit the ability to
24 collect any attorney fees not already collected and shall
25 refund attorney fees already collected from the client who was
26 the subject of the worker's compensation attorney fraud, unless
27 the client commits workers' compensation benefit fraud, in
28 which case the attorney fees shall be forfeited to the victim
29 compensation fund established in section 915.94.

30 3. Fifty percent of the criminal penalty collected under
31 this section shall be deposited in the workers' compensation
32 fraud penalty fund created in section 507F.10. Fifty percent
33 of the criminal penalty collected under this section shall be
34 deposited pursuant to section 602.8108.

35 Sec. 4. NEW SECTION. 507F.4 Workers' compensation benefit

1 **fraud — penalty.**

2 1. A person commits the offense of workers' compensation
3 benefit fraud if the person, for the purpose of obtaining any
4 benefit under chapter 85, 85A, 85B, 86, or 87 for oneself or on
5 behalf of another person, knowingly does any of the following:

6 a. Presents or causes to be presented to an insurer, any
7 oral or written statement, knowing that such statement contains
8 false information concerning a material fact.

9 b. Misrepresents, conceals, or suppresses any material fact
10 to defraud.

11 c. Makes a false entry in, fabricates, alters, conceals, or
12 destroys a document to defraud.

13 d. Assists, abets, solicits, or conspires with another in
14 committing a violation of this chapter.

15 2. A person who commits workers' compensation benefit
16 fraud is, upon conviction, guilty of a class "D" felony. Upon
17 conviction of this offense, a person shall forfeit all right to
18 compensation under chapters 85, 85A, and 85B for the alleged
19 injury which is the subject matter of the conviction.

20 3. Fifty percent of the criminal penalty collected under
21 this section shall be deposited in the workers' compensation
22 fraud penalty fund created in section 507F.10. Fifty percent
23 of the criminal penalty collected under this section shall be
24 deposited pursuant to section 602.8108.

25 **Sec. 5. NEW SECTION. 507F.5 Workers' compensation health**
26 **service provider fraud — penalty.**

27 1. A health service provider or a health service provider's
28 agent who acts unilaterally without a health service
29 providers's knowledge commits workers' compensation health
30 service provider fraud if the person, for the purpose of
31 obtaining any benefit or payment under chapter 85, 85A, 85B,
32 86, or 87 for oneself or on behalf of another person, knowingly
33 does any of the following:

34 a. Presents or causes to be presented to an insurer any
35 oral or written statement, knowing that such statement contains

1 false information concerning a material fact.

2 *b.* Misrepresents, conceals, or suppresses any material fact
3 to defraud.

4 *c.* Makes a false entry in, fabricates, alters, conceals, or
5 destroys a document to defraud.

6 *d.* Bills for services not rendered, services rendered for
7 a person other than the person identified on the bill, or
8 services rendered for an injury or person not covered by the
9 workers' compensation laws.

10 *e.* Assists, abets, solicits, or conspires with another in
11 committing a violation of this chapter.

12 2. A health service provider or health service provider's
13 agent who commits workers' compensation health service provider
14 fraud is, upon conviction, guilty of a class "D" felony.

15 3. Fifty percent of the criminal penalty collected under
16 this section shall be deposited in the workers' compensation
17 fraud penalty fund created in section 507F.10. Fifty percent
18 of the criminal penalty collected under this section shall be
19 deposited pursuant to section 602.8108.

20 Sec. 6. NEW SECTION. 507F.6 Workers' compensation insurance
21 carrier fraud — penalty.

22 1. An employee, agent, or contractor of an insurer commits
23 workers' compensation insurance carrier fraud if the person,
24 for the purpose of obtaining any benefit or payment under
25 chapter 85, 85A, 85B, 86, or 87 for oneself or on behalf of
26 another person, knowingly does any of the following in the
27 course of processing an insurance claim:

28 *a.* Creates fraudulent claims and authorizes the payment of
29 such claims to defraud the insurer.

30 *b.* Authorizes the payment of claims known by the employee,
31 agent, or contractor to be fraudulent to assist, abet, solicit,
32 or conspire with another to defraud the insurer.

33 2. An employee, agent, or contractor of an insurer who
34 commits workers' compensation insurance carrier fraud is, upon
35 conviction, guilty of a class "D" felony.

1 3. Fifty percent of the criminal penalty collected under
2 this section shall be deposited in the workers' compensation
3 fraud penalty fund created in section 507F.10. Fifty percent
4 of the criminal penalty collected under this section shall be
5 deposited pursuant to section 602.8108.

6 Sec. 7. NEW SECTION. **507F.7 Workers' compensation insurance**
7 **coverage fraud — penalty.**

8 1. A person commits the offense of workers' compensation
9 insurance coverage fraud if the person, in connection with
10 any application or renewal of an insurance policy providing
11 workers' compensation insurance coverage or to avoid payment
12 of or reduce premiums due for that coverage, for oneself or
13 another, knowingly does any of the following:

14 a. Presents or causes to be presented to an insurer, any
15 oral or written statement, knowing that such statement contains
16 false information concerning a material fact to defraud.

17 b. Misrepresents, conceals, or suppresses any material fact
18 to defraud.

19 c. Makes a false entry in, fabricates, alters, conceals, or
20 destroys a document to defraud.

21 2. A person who commits workers' compensation insurance
22 coverage fraud is, upon conviction, guilty of a class "D"
23 felony.

24 3. Fifty percent of the criminal penalty collected under
25 this section shall be deposited in the workers' compensation
26 fraud penalty fund created in section 507F.10. Fifty percent
27 of the criminal penalty collected under this section shall be
28 deposited pursuant to section 602.8108.

29 Sec. 8. NEW SECTION. **507F.8 Workers' compensation employer**
30 **fraud — penalty.**

31 1. A person commits the offense of workers' compensation
32 employer fraud if the person, for the purpose of obstructing an
33 employee's workers' compensation claim under chapter 85, 85A,
34 85B, 86, or 87, knowingly does any of the following:

35 a. Presents or causes to be presented to an insurer any

1 oral or written statement, knowing that such statement contains
2 false information concerning a material fact.

3 *b.* Misrepresents, conceals, or suppresses any material fact
4 to defraud.

5 *c.* Makes a false entry in, fabricates, alters, conceals, or
6 destroys a document to defraud.

7 *d.* Assists, abets, solicits, or conspires with another in
8 committing a violation of this chapter.

9 2. A person who commits workers' compensation employer
10 fraud is, upon conviction, guilty of a class "D" felony.

11 3. Fifty percent of the criminal penalty collected under
12 this section shall be deposited in the workers' compensation
13 fraud penalty fund created in section 507F.10. Fifty percent
14 of the criminal penalty collected under this section shall be
15 deposited pursuant to section 602.8108.

16 Sec. 9. NEW SECTION. 507F.9 Restitution.

17 In addition to the criminal penalties established in this
18 chapter, the court shall order a person who commits an offense
19 under this chapter to pay restitution to persons aggrieved by
20 the violation. Restitution shall be ordered in addition to a
21 fine and the possibility of imprisonment, but not in lieu of a
22 fine and the possibility of imprisonment.

23 Sec. 10. NEW SECTION. 507F.10 Fund created.

24 A workers' compensation fraud penalty fund is created in
25 the state treasury as a separate fund under the control of
26 the commissioner of insurance for purposes of this chapter.
27 All moneys deposited into the fund are appropriated to the
28 insurance division of the department of commerce for the
29 workers' compensation fraud unit. Notwithstanding section
30 8.33, any balance in the fund on June 30 of each fiscal year
31 shall not revert to the general fund of the state, but shall
32 be available for purposes of this chapter in subsequent fiscal
33 years. The commissioner of insurance may request additional
34 full time equivalent positions as needed and the request shall
35 be granted so long as sufficient funds are within the workers'

1 compensation fraud penalty fund.

2 Sec. 11. NEW SECTION. 507F.11 Examination of information
3 outside the state.

4 As a unit within the insurance fraud bureau, the workers'
5 compensation fraud unit, pursuant to section 507E.4, may obtain
6 and examine any information that is related to enforcement of
7 this chapter in possession of a person located outside the
8 state.

9 Sec. 12. NEW SECTION. 507F.12 Confidentiality.

10 As a unit within the insurance fraud bureau, all of the
11 provisions of section 507E.5 shall apply to the workers'
12 compensation fraud unit.

13 Sec. 13. NEW SECTION. 507F.13 Immunity from liability.

14 A person is immune from civil liability for acts under this
15 chapter if the person meets the requirements set forth in
16 section 507E.7.

17 Sec. 14. NEW SECTION. 507F.14 Election of prosecution.

18 If a person commits an offense under this chapter, the
19 prosecuting attorney may elect to proceed under this chapter
20 or any other law of this state.

21 Sec. 15. NEW SECTION. 507F.15 Prosecuting attorney status.

22 1. The workers' compensation fraud unit shall employ at
23 least one full-time prosecuting attorney. The prosecuting
24 attorney, having specialized knowledge and training, shall
25 in all counties in this state prosecute all criminal actions
26 which may be brought under this chapter in which the workers'
27 compensation fraud unit may be interested, when, in the
28 prosecuting attorney's judgment, the interest of the unit
29 requires such action.

30 2. The prosecuting attorney may request a county attorney
31 to assist with or handle the prosecution of a criminal action
32 which may be brought under this chapter.

33 3. The prosecuting attorney shall report to the
34 commissioner of insurance.

35 Sec. 16. NEW SECTION. 507F.16 Law enforcement officer

1 **status.**

2 As a unit within the insurance fraud bureau, all of the
3 provisions of section 507E.8 shall apply to the workers'
4 compensation fraud unit.

5 Sec. 17. NEW SECTION. 507F.17 **Limitation of actions.**

6 An information or indictment asserting a violation of this
7 chapter shall be commenced within five years after the last
8 date of its commission.

9 Sec. 18. NEW SECTION. 507F.18 **Suspension of benefits.**

10 If a person is currently receiving or has a pending
11 application for workers' compensation benefits under chapter
12 85, 85A, or 85B and the workers' compensation fraud unit makes
13 a determination to file charges in district court alleging a
14 violation of this chapter by a person receiving benefits under
15 chapter 85, 85A, or 85B, the workers' compensation fraud unit
16 shall notify the workers' compensation commissioner, who shall
17 suspend benefits or suspend any pending application.

18 A person convicted of workers' compensation fraud shall be
19 prohibited from receiving benefits under chapters 85, 85A,
20 and 85B for the particular claim or injury giving rise to the
21 criminal action. If the person is acquitted or the charges
22 are dismissed, the workers' compensation fraud unit shall
23 notify the workers' compensation commissioner of such action
24 and the commissioner shall resume the payment of any benefits
25 previously suspended or resume any suspended application. A
26 person whose benefits have been suspended and the payment of
27 benefits resumed has the option to receive a back payment in a
28 lump sum upon resumption of payment of benefits.

29 Sec. 19. NEW SECTION. 507F.19 **Rulemaking authority.**

30 The commissioner of insurance may adopt rules pursuant to
31 chapter 17A to administer this chapter.

32 Sec. 20. Section 85.27, subsections 3 and 4, Code 2018, are
33 amended to read as follows:

34 3. A medical service provided under this chapter or chapter
35 85A or 85B shall not be billed at a rate higher than a health

1 service provider's standard retail rate for the medical
2 service. A health service provider who bills and receives
3 payment in excess of the health service provider's standard
4 rate for a medical service provided to treat a workers'
5 compensation injury shall reimburse the employer or insurance
6 carrier which paid for the medical service for the excess
7 payments received by the health service provider.
8 Notwithstanding [section 85.26, subsection 4](#), charges believed
9 to be excessive or unnecessary may be referred by the
10 employer, insurance carrier, or health service provider to the
11 workers' compensation commissioner for determination, and the
12 commissioner may utilize the procedures provided in sections
13 86.38 and [86.39](#), or set by rule, and conduct such inquiry as
14 the commissioner deems necessary. Any health service provider
15 charges not in dispute shall be paid directly to the health
16 service provider prior to utilization of procedures provided
17 in [sections 86.38](#) and [86.39](#) or set by rule. A health service
18 provider rendering treatment to an employee whose injury is
19 compensable under [this section](#) agrees to be bound by such
20 charges as allowed by the workers' compensation commissioner
21 and shall not recover in law or equity any amount in excess of
22 charges set by the commissioner. When a dispute under this
23 chapter, [chapter 85A](#), or [chapter 85B](#) regarding reasonableness
24 of a fee for medical services arises between a health service
25 provider and an employer or insurance carrier, the health
26 service provider, employer, or insurance carrier shall not seek
27 payment from the injured employee. A health service provider
28 shall not seek payment for fees in dispute from the insurance
29 carrier or employer until the commissioner finds, pursuant to
30 informal dispute resolution procedures established by rule by
31 the commissioner, that the disputed amount is reasonable. This
32 section does not affect the responsibility of an insurance
33 carrier or an employer to pay amounts not in dispute or a
34 health service provider's right to receive payment from an
35 employee's nonoccupational plan as provided in section 85.38,

1 subsection 2.

2 4. For purposes of [this section](#), the employer is obliged to
3 furnish reasonable services and supplies to treat an injured
4 employee, and has the right to choose the care. The employer
5 retains the right to choose the employee's care throughout the
6 course of treatment for all services identified in subsection
7 1. The employer is not obliged to authorize a referral for
8 care to a specific provider of services by an authorized
9 treating medical provider and the employer has the right to
10 choose any provider for the care. If the employer chooses the
11 care, the employer shall hold the employee harmless for the
12 cost of care until the employer notifies the employee that the
13 employer is no longer authorizing all or any part of the care
14 and the reason for the change in authorization. An employer
15 is not liable for the cost of care that the employer arranges
16 in response to a sudden emergency if the employee's condition,
17 for which care was arranged, is not related to the employment.
18 The treatment must be offered promptly and be reasonably
19 suited to treat the injury without undue inconvenience to the
20 employee. If the employee has reason to be dissatisfied with
21 the care offered, the employee should communicate the basis of
22 such dissatisfaction to the employer, in writing if requested,
23 following which the employer and the employee may agree to
24 alternate care reasonably suited to treat the injury. If the
25 employer and employee cannot agree on such alternate care,
26 the commissioner may, upon application and reasonable proofs
27 of the necessity therefor, allow and order other care. In an
28 emergency, the employee may choose the employee's care at the
29 employer's expense, provided the employer or the employer's
30 agent cannot be reached immediately. An application made under
31 this subsection shall be considered an original proceeding
32 for purposes of commencement and contested case proceedings
33 under [section 85.26](#). The hearing shall be conducted pursuant
34 to [chapter 17A](#). Before a hearing is scheduled, the parties
35 may choose a telephone hearing or an in-person hearing. A

1 request for an in-person hearing shall be approved unless the
2 in-person hearing would be impractical because of the distance
3 between the parties to the hearing. The workers' compensation
4 commissioner shall issue a decision within ten working days of
5 receipt of an application for alternate care made pursuant to a
6 telephone hearing or within fourteen working days of receipt of
7 an application for alternate care made pursuant to an in-person
8 hearing. The employer shall notify an injured employee of the
9 employee's ability to contest the employer's choice of care
10 pursuant to [this subsection](#).

11 Sec. 21. NEW SECTION. **85.37A Suspension of benefits for**
12 **workers' compensation fraud.**

13 Section 507F.18 requires the workers' compensation
14 commissioner to suspend a person's benefits if the workers'
15 compensation fraud unit has probable cause to believe that the
16 person has violated chapter 507F.

17 Sec. 22. NEW SECTION. **86.39A Criminal penalty for workers'**
18 **compensation attorney fraud.**

19 Chapter 507F sets forth criminal penalties for engaging in
20 workers' compensation fraud, including but not limited to fraud
21 committed by an attorney.

22 Sec. 23. NEW SECTION. **507E.2A Definition of insurer.**

23 As used in this chapter, unless the context otherwise
24 requires:

25 a. "*Insurer*" means a person entering into arrangements or
26 contracts of insurance or reinsurance agreeing to perform any
27 of the following acts:

28 (1) Pay or indemnify another as to loss from certain
29 contingencies called risks, including through reinsurance.

30 (2) Pay or grant a specified amount or determinable benefit
31 to another in connection with ascertainable risk contingencies.

32 (3) Pay an annuity to another.

33 (4) Act as surety.

34 b. "*Insurer*" includes but is not limited to an insurance
35 company, a self-insured business, or a group or self-insured

1 plan as described in section 87.4.

2 Sec. 24. Section 507E.6, Code 2018, is amended to read as
3 follows:

4 **507E.6 Duties of insurer and fraud bureau.**

5 1. An insurer which believes that a claim or application
6 for insurance coverage is being made which is a violation of
7 section 507E.3 or believes that a violation of 507E.3A has
8 occurred, shall provide, within sixty days of ~~the receipt~~
9 ~~of such claim or application becoming aware of a possible~~
10 violation, written notification to the bureau of the ~~claim or~~
11 application suspected violation on a form prescribed by the
12 bureau, ~~including any additional information requested by the~~
13 ~~bureau related to the claim or application or the party making~~
14 ~~the claim or application.~~

15 2. The fraud bureau shall review each notification and
16 determine whether further investigation is warranted.

17 3. If the bureau determines that further investigation
18 is warranted, the bureau shall conduct an independent
19 investigation of the facts surrounding the ~~claim or application~~
20 ~~for insurance coverage~~ notification to determine the extent,
21 if any, to which fraud occurred ~~in the submission of the claim~~
22 ~~or application.~~ If the notification pertains to workers'
23 compensation insurance fraud, the bureau shall deliver the
24 notice to the workers' compensation fraud unit, which shall
25 determine if an investigation and prosecution are warranted.
26 Upon formal request made by the bureau, the insurer shall
27 provide all additional information related to the notification
28 within ten business days or a time period specifically
29 identified by the bureau.

30 4. The bureau shall report any alleged violation of law
31 disclosed by the investigation to the appropriate licensing
32 agency or prosecuting authority having jurisdiction with
33 respect to such violation.

34 Sec. 25. Section 507E.8, Code 2018, is amended to read as
35 follows:

1 **507E.8 Law enforcement officer status.**

2 1. Bureau investigators shall have the power and status
3 of law enforcement officers who by the nature of their duties
4 may be required to perform the duties of a peace officer when
5 making arrests for criminal violations established as a result
6 of their investigations pursuant to this chapter or chapter
7 507F.

8 2. The general laws applicable to arrests by law enforcement
9 officers of the state also apply to bureau investigators.
10 Bureau investigators shall have the power to execute arrest
11 warrants and search warrants for the same criminal violations,
12 serve subpoenas issued for the examination, investigation, and
13 trial of all offenses identified through their investigations,
14 and arrest upon probable cause without warrant a person found
15 in the act of committing a violation of the provisions of this
16 chapter or chapter 507F.

17 Sec. 26. EFFECTIVE DATE. This Act, being deemed of
18 immediate importance, takes effect upon enactment.

19 Sec. 27. APPLICABILITY. This Act applies on the effective
20 date of this Act to acts of fraud or prohibited health service
21 providers' practices committed on or after the effective date
22 of this Act.

23 EXPLANATION

24 The inclusion of this explanation does not constitute agreement with
25 the explanation's substance by the members of the general assembly.

26 This bill relates to workers' compensation and insurance
27 fraud and other prohibited health service provider practices.
28 The bill creates new Code chapter 507F dedicated to workers'
29 compensation fraud, codified following the existing insurance
30 fraud Code chapter 507E.

31 The bill establishes a workers' compensation fraud unit
32 (unit) within the insurance fraud bureau within the insurance
33 division. The purpose of the unit is to investigate and
34 prosecute workers' compensation fraud. Unit investigators have
35 the power and status of law enforcement officers. The bill

1 requires the unit to employ at least one full-time prosecuting
2 attorney to prosecute all criminal actions which may be brought
3 under this Code chapter in which the unit may be interested,
4 when, in the prosecuting attorney's judgment, the interest of
5 the unit requires such action.

6 The bill provides an election of prosecution. If a person
7 commits an offense under this Code chapter, the prosecuting
8 attorney may elect to proceed under this Code chapter or any
9 other law of this state. The prosecuting attorney may be the
10 unit prosecuting attorney or a county attorney.

11 The bill sets forth criminal penalties for engaging in
12 workers' compensation fraud, including fraud committed by
13 employers, workers, insurers, health service providers,
14 employees of insurers, and attorneys. Specifically, the bill
15 penalizes as a class "D" felony the following forms of workers'
16 compensation fraud: benefit fraud, insurance coverage fraud,
17 employer fraud, health service provider fraud, insurance
18 carrier fraud, and attorney fraud. The elements for each crime
19 are enumerated in the bill. A class "D" felony is punishable
20 by confinement for no more than five years and a fine of at
21 least \$750 but not more than \$7,500. The bill provides that
22 in addition to any other applicable penalties, a court shall
23 order a person to pay restitution to persons aggrieved by the
24 violation, if a person commits an offense under this Code
25 chapter. The bill requires 50 percent of the criminal penalty
26 collected under this Code chapter to be deposited in a fund
27 created in the bill. Moneys in the fund are appropriated to
28 the insurance division of the department of commerce to the
29 unit for the benefit of the workers' compensation fraud unit.

30 The new workers' compensation fraud Code chapter
31 incorporates by reference the following provisions from the
32 insurance fraud Code chapter 507E: 507E.4 (examination of
33 information outside the state), 507E.5 (confidentiality), and
34 507E.7 (immunity from liability).

35 The new Code chapter also defines insurer. "Insurer" means

1 a person entering into arrangements or contracts of insurance
2 or reinsurance agreeing to perform any of the following acts:
3 pay or indemnify another as to loss from certain contingencies
4 called risks, including through reinsurance; pay or grant
5 a specified amount or determinable benefit to another in
6 connection with ascertainable risk contingencies; pay an
7 annuity to another; or act as surety. Insurer includes but is
8 not limited to an insurance company, a self-insured business,
9 or a group or self-insured plan as described in Code section
10 87.4.

11 The new Code chapter limits commencement of actions
12 for violations of the Code chapter to within five years of
13 commission of workers' compensation fraud.

14 The bill provides that if a person is currently receiving
15 or has a pending application for workers' compensation
16 benefits under Code chapter 85, 85A, or 85B and the workers'
17 compensation fraud unit makes a determination to file charges
18 in district court alleging a violation of the new Code chapter
19 by a person receiving benefits under Code chapter 85, 85A, or
20 85B, the workers' compensation fraud unit shall notify the
21 workers' compensation commissioner, who shall suspend benefits
22 or suspend any pending application. The bill provides that
23 a person convicted of workers' compensation fraud shall be
24 prohibited from receiving benefits under Code chapters 85,
25 85A, and 85B for the particular claim or injury giving rise to
26 the criminal action. The bill provides that if the person is
27 acquitted or the charges are dismissed, a person's benefits
28 or application will be resumed. The bill provides that a
29 person has an option to receive a lump sum for back payment of
30 benefits upon resumption of benefits.

31 The new Code chapter grants the commissioner of insurance
32 rulemaking authority.

33 The bill amends Code chapter 507E to provide a definition of
34 insurer. Insurer, for the purposes of that Code chapter, means
35 the same as defined in new Code chapter 507F.

1 The bill also amends Code section 507E.6 (duties of insurer)
2 to provide for a process when an insurer alerts the insurance
3 fraud bureau of workers' compensation fraud. The bill provides
4 that if the notification pertains to workers' compensation
5 insurance fraud, the insurance fraud bureau shall deliver the
6 notice to the workers' compensation fraud unit.

7 The bill amends Code chapter 85 to provide that the employer
8 retains the right to choose the employee's physician throughout
9 the course of treatment, including the choice of specialists.
10 The employer is not obliged to authorize a referral for care
11 with a specific provider of services.

12 The bill amends Code chapter 85 to reference suspension of
13 benefits under new Code chapter 507F.

14 The bill amends Code chapter 86 to reference the criminal
15 penalty for fraudulent attorney fees under new Code chapter
16 507F.

17 The bill also amends Code chapter 85 to provide that
18 medical services provided under Code chapter 85, 85A, or 85B
19 shall not be billed at a rate higher than the health service
20 provider's standard retail rate for that medical service. The
21 bill provides that a health service provider who bills and
22 receives payment in excess of the health service provider's
23 standard retail rate for medical services to treat a workers'
24 compensation-covered injury shall reimburse the company which
25 paid for the medical services for the excess payments.

26 The bill takes effect upon enactment and applies to acts
27 of fraud or prohibited health service providers' practices
28 committed on or after enactment.